

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING

Docket No. RM2011-12

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-2 OF CHAIRMAN'S INFORMATION REQUEST NO. 2
(September 23, 2011)

The Postal Service hereby files its responses to questions 1-2 of Chairman's Information Request No. 2, issued on September 16, 2011. Each question is stated verbatim, and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 2**

1. [Proposal Five] This proposal would introduce a new cost pool within cost segment 3.1 for Flats Sequencing System (FSS) operations. Historically, FSS labor costs reflected in operations 530 (Stand-alone Mail Prep) and 538 (FSS DPS Mode) have been included in the AFSM cost pools. Unlike the AFSM cost pools, the FSS cost pool MODS operation definitions do not include a description of equipment set up or preparation. How does the Postal Service's proposal to account for FSS equipment set up or preparation in terms of MODS cost pools?

RESPONSE:

Under Proposal Five, costs for FSS activities such as setup of FSS equipment would be included in the FSS cost pool. The operation descriptions for MODS operations 530 and 538 in the MODS M-32 Handbook list equipment setup activities specific to the FSS system. For example, Appendix A of Handbook M-32 lists activities "Inducting dollies (of empty ACTs [Automation Compatible Trays])" for operation 530 and "Inducting carrier automated street tray racks (CASTR) (of empty street trays)" for operation 538. These FSS activities are analogous to "Machine set up including rolling stock, flat tubs, placarding, labeling, etc." from the description of MODS 460C (AFSM 100 AI). Note that FSS, unlike the AFSM 100, does not require manual labeling and set-up of trays, since the machine accomplishes those activities automatically.

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2. [Proposal Eight] Please provide an electronic version of USPS-FY10-NP14 - FY 2010 CRA "B" Workpapers (Nonpublic Version), File: CS06&7-NP_10.xlsx that shows the effect of the proposed change. Please ensure that the spreadsheet shows the formulas and links among and between cells and worksheets in the modified file, and does not "hard code" any cells that were not already hard coded in USPS-FY10-NP14 - FY 2010 CRA "B" Workpapers (Nonpublic Version), File: CS06&7-NP_10.xlsx.

RESPONSE:

The requested nonpublic material is provided under seal as USPS-RM2011-12/NP4. This workbook contains two additional worksheets (green tabs) from the analogous version filed with the 2010 ACR. One is titled 'Prop.8.CCCS.Data' which has the relevant carrier data and proportions necessary to implement Proposal Eight. The other is named 'ComparetoACR2010' and it shows the cost impacts of Proposal Eight on total CS06&7 costs. The figures in this worksheet match those that were filed with USPS-RM2011-12/NP2 on August 22, 2011.